

STATE OF WASHINGTON**OFFICE OF
INSURANCE COMMISSIONER****BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON**

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BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF WASHINGTON

In the Matter of)	No. D 2000 - 71
WESTERN SURETY COMPANY,)	
An Authorized Insurer)	Consent Order Imposing a Fine
)	

FINDINGS OF FACT:

1. Western Surety Company ("Western Surety") is authorized to write property and casualty insurance in Washington state.
2. Western Surety is subject to Washington Administrative Code (WAC) 284-07-010, which requires each such insurer to complete a special liability report and to submit it to the Office of the Insurance Commissioner ("OIC") not later than May 1 of the year following the year which is the subject of the report.
3. In December of 1999, the Chief Actuary of the OIC sent forms for this report, together with instructions for filling out the forms and filing them with the OIC, to those insurers which were required to submit special liability reports. This included Western Surety.
4. The OIC did not receive Western Surety's 1999 special liability report by June 1, 2000. On May

10, 2000, the Chief Actuary sent the insurer a letter about this. The letter warned that if the OIC had not received the report by June 1, 2000, Western Surety would be liable to a fine of at least \$2500. The OIC did not receive the report by June 1, 2000.

5. On June 14, 2000, a staff attorney employed by the OIC sent Western Surety a letter about this matter, notifying it that the OIC would send a consent order imposing a fine. This letter requested that the insurer provide the name, job title, business address and telephone number of a person at Western Surety, to whom the consent order could be sent. This was an official information request pursuant to WAC 284-30-650, "Prompt responses required". That regulation provides that "It is an unfair practice for an insurer...to fail to respond promptly to any inquiry from the insurance commissioner relative to the business of insurance. A lack of response within fifteen business days Western Surety Company from receipt of an inquiry will be considered untimely. A response must be in writing, unless otherwise indicated in the inquiry."The insurer did not sent a written response.

CONCLUSIONS OF LAW:

1. The failure of Western Surety Company to file its 1999 special liability report with the OIC by May 1, 2000 was a violation of RCW 48.05.380, "Reports by property and casualty insurers- Rules"; RCW 48.05.390, "Reports by various insurers- Contents": and of WAC 284-07-010, "Special liability insurance report required annually".
2. The failure of Western Surety to respond timely and in writing to the official information request in the June 14, 2000 letter from the OIC staff attorney was a violation of WAC 284-30-650.
3. RCW 48.05.140, "Certificate of authority- Discretionary refusal, revocation, suspension" provides in subsection (1) that the Insurance Commissioner is authorized to refuse, suspend, or revoke an insurer's certificate of authority if the insurer "...Fails to comply with a provision of this code other than those for violation of which refusal, suspension, or revocation is mandatory, or fails to comply with any proper order or regulation of the commissioner."
4. RCW 48.30.010 (2) provides that in addition to such unfair practices as are defined in chapter 48.30. RCW, "...the commissioner may from time to time by regulation...define other methods of competition and other acts and practices in the conduct of such business reasonably found by the commissioner to be unfair and deceptive..." This includes WAC 284-30-650.
5. RCW 48.05.185, "Fine in addition to or in lieu of suspension, revocation or refusal" provides that "After hearing or with the consent of the insurer and in addition to or in lieu of the suspension, revocation or refusal to renew any certificate of authority, the commissioner may levy a fine upon the insurer in an amount not less than two hundred fifty dollars and not more than ten thousand dollars."

CONSENT TO ORDER:

1. Western Surety Company hereby stipulates to the foregoing Findings of Fact and Conclusions of Law and consents to this order, which imposes a fine of \$2500 (two thousand five hundred dollars and no/100) upon the insurer for the violations described above, in lieu of further proceedings against the insurer's certificate of authority in Washington state. This fine will be paid in full within thirty days of the entry of this order in Olympia, Washington. Failure to pay the fine timely and in full will constitute grounds for suspension or revocation of that certificate of

authority. It will also result in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington, for recovery of the amount of the fine.

2. Western Surety Company stipulates that it will comply with all insurance laws and regulations, including but not limited to WAC 284-07-010(1), RCW 48.05.390 and WAC 284-30-650.

EXECUTED this _____ day of _____, 2000.

Typed Name _____

Typed Corporate Title _____

WESTERN SURETY COMPANY

ORDER:

Pursuant to RCW 48.05.185, the Insurance Commissioner imposes a fine of \$2500 (two thousand five hundred dollars and no/100) upon Western Surety Company, expressly in lieu of further proceedings against the certificate of authority held by the insurer in Washington state.. The fine is to be paid in full within thirty days of the entry of this order in Lacey, Washington. Failure to pay the fine timely and in full will constitute grounds for the suspension or revocation of that certificate of authority. It will also result in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington, for the recovery of the amount of the fine.

ENTERED AT LACEY, WASHINGTON, on this _____ day of _____, 2000.

DEBORAH SENN

Insurance Commissioner

By _____

William Kirby, Assistant Deputy

Insurance Commissioner